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Action: 705.70/14615

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, TAIPEI.

70 THE DEPARTMENT OF STATE, WASHINGTON

REF : Taipei's Joint WEEKLY No. 43, October 26, 1951.

SUBJECT: Possible Resignation of Premier CH'EN Ch'eng, Officer

Direction to EC/F

In a conversation on November 14, 1951, with the reporting officer, Mr. [REDACTED] Minister [REDACTED] in the Marshal YEN Hsi-shan Cabinet and presently an Adviser to President CHIANG Kai-shek and a member of the Executive Yuan Planning Committee, stated that he expected General CH'EN Ch'eng to be forced out of the Premiership within the next few months. Although Mr. [REDACTED] is regarded by the reporting officer as an honest and well-informed man--with no desire or incentive to deceive in this matter--his statements, summarized below, are perforce largely in the realm of speculation.

The Premier's resignation, submitted on October 27, did not reflect a real desire on his part to give up his post but was a conventional means of expressing his fervent opposition to the possible appointment of Governor K. C. WU to the chairmanship of the proposed Economic Mobilization Board. As President Chiang Kai-shek wished Governor Wu to head the prospective agency, General Ch'en's resistance to the President's desires in this matter did not improve relations between the two, especially since the General had not long before opposed placing the proposed new organization under the Office of the President and succeeded in having it come under the Executive Yuan.

The basic reason why Premier Ch'en will be obliged to give up his present responsibilities is the fact that President Chiang is determined that his eldest son, Lieutenant-General CHIANG Ching-kuo, shall succeed him as the most powerful man in the Republic of China. Before the Generalissimo resumed the Presidency on March 1, 1950, and for a time thereafter, he supported General Ch'en--(whom he had appointed Premier March 7, 1950)--among other reasons--because of the President's belief that it would not be possible for his eldest son to be his successor. Since then, however, the President has become convinced that it is possible and at the same time he has become more distrustful than ever of those who are not bound to him by close ties of family or long-standing friendship. Defections on the China mainland (General CHANG Chih-chung's, for example) have been influential in causing the President's insistence upon sharing power only with persons whom he can trust implicitly.

References to the "Crown Prince", inter alia, reflect widespread belief that the President wishes his son, Ching-kuo, to

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take up the power which he will eventually lay down. Such a succession is not, however, desired by the people, who feel that it smacks of the monarchical system overthrown 40 years ago, and who do not esteem Chiang Ching-kuo because of his "secret police" and "political commissar" organization and his penchant for "making money and women".

In addition to his rivalry with Governor Wu, Premier Ch'en is, therefore, a strong competitor of General Chiang Ching-kuo as an eventual successor to the President. However, since the President, as the fountainhead of power and authority on Formosa, desires his eldest son to succeed him, it seems almost inevitable that General Ch'en will lose out in this contest and that, as a preliminary to his defeat, he will have to relinquish his premiership.

Two other factors seriously threatening the Premier's continuance in office are (1) the formation a few months ago of a temporary alliance between reputedly liberal-minded Governor Wu and reportedly authoritarian-minded General Chiang Ching-kuo for the sole purpose of ousting General Ch'en from the Premiership and (2) the opposition of the C-C Clique and other political elements in the Legislative Yuan to Premier Ch'en.

The C-C Clique, although claiming a membership in the Yuan of 120, actually has only about 100; the Youth Corps (青年團), of which General Ch'en and General Chiang Ching-kuo are leaders, also claims to number 120 legislators but really has from 80 to 90. Approximately 50 of them back General Ch'en and the others back General Chiang Ching-kuo. The attitude of the generality of the legislators, notably the more than 200 who are not affiliated with any group, is profoundly affected by President Chiang's views towards issues and persons. If the President made no effort to hold them more-or-less in line, a considerable number of them would express their hostility towards Premier Ch'en. Possibly an indirect reflection of their changed feelings towards the Premier and also the President's diminished regard for him is the circumstance that about a month ago 222 votes to 83 votes were cast to accept the resignation of the Legislative Yuan head, Mr. LIU Chien-chun (the Premier's good friend), in contrast to 302 to 82 votes cast on March 8, 1950, to approve the appointment of General Ch'en as Premier. In other words, a failure on President Chiang's part to evince a favorable attitude towards the Premier (or those closely associated with him) would materially increase overt opposition to him in the Legislative Yuan.

How soon General Ch'en will give up the premiership depends mainly upon how soon arrangements can be made for him to be gracefully eased out of office and for General CHANG Ch'un (張彥群) to assume this post. (Although a dignified exit for General Ch'en requires a measure of finesse, the royal heave-ho can be readily given the Premier by the simple device of the President's letting it be known to a few key people that he is displeased with the

Premier's services or by the President's expressing public dissatisfaction with some action of the Premier or his associates in the Executive Yuan.) President Chiang wishes General Chang to be Premier as he trusts him and has regarded him as a friend since the two were school mates in a military school in Japan. Governor Wu is also well disposed towards him. General Chang is willing to assume the office provided that General Ch'en can be induced to give it up without incurring his antagonism. General Chang fears, because General Ch'en has considerable support in the Legislative Yuan, in military circles and elsewhere, that to incur his hostility in removing him would be most unfortunate for the new administration. This delicate operation involves, among other things, a new high post for General Ch'en--the two most commonly suggested being Chief of Staff (in place of General CHOU Chih-jou, whose involvement in the MOW affair has brought opprobrium upon himself and his government) or Deputy Director of the Kuomintang (副總裁). The latter seems the more likely as President Chiang does not wish General Ch'en in a position with military power.

It is improbable that the President will appoint General HO Ying-ch'in as Premier--notwithstanding reports about a month ago that he had spoken to the General to this effect. If he did, in fact, mention the Premiership to General Ho it was merely to flatter him and not because the President desired him in the Premiership. The former does not want General Ho in this office because he fears that, once in a position of such authority, the General might not only go against his wishes but might also join forces with the Kwangsi Clique (Vice President LI Tsung-jen, General PAI Chung-hsi, et al).

COMMENT: While it seems safe to say, with respect to Mr. [redacted]'s observations about an impending change in the Premiership, that "Only the event will teach us in its hour", it must also be acknowledged that his observations are in line with similar information which has been reaching the Embassy from a variety of sources (some of them quite well-placed) during recent weeks.

K. L. Rankin

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